

United States Senate

WASHINGTON, DC 20510

September 10, 2008

The Honorable Benjamin E. Nelson
720 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Saxby Chambliss
416 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Kent Conrad
530 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Lindsey Graham
290 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Mary L. Landrieu
724 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Bob Corker
185 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Blanche L. Lincoln
355 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Johnny Isakson
120 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Mark L. Pryor
255 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable John Thune
493 Russell Senate Office Building
Washington, D.C. 20510

Dear Colleague:

We commend you on your efforts to work in a bi-partisan effort to formulate a solution to the energy crisis. For too long, Congress has chosen policies that restrict access to domestic oil and gas reserves as a U.S. energy policy. The result has been devastating to families, small businesses, farmers and ranchers who are all struggling to cope with high energy prices. We commend you for discussing new access to proven reserves as a component of an energy package.

As Gulf Coast Senators, we fully understand the need for more energy in the U.S. The Gulf contains 83 percent of federal known offshore oil reserves and 93 percent of federal known offshore natural gas reserves. We are concerned that the proposal before us targets the Gulf states and treats their production in a manner that disregards our states' involvement and leadership in this area of expertise. A severance tax that singles out production in the Gulf is not only arbitrary, but it will discourage production where some of the largest discoveries of oil and gas are known to exist. Reducing production while increasing taxes will limit potential supply and raise energy prices. The proposal could also negatively impact the Coastal Impact Assistance Program (CIAP) agreement which cemented the 2006 expansion of production in the Gulf.


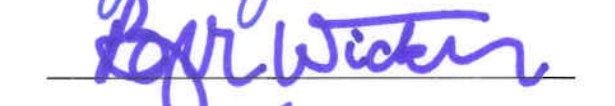


In 2006, we worked in a bi-partisan fashion to allow exploration in the Gulf that was in moratorium. Alabama, Louisiana, Mississippi and Texas came together and agreed on the need for more production in the Gulf. The four states also collectively


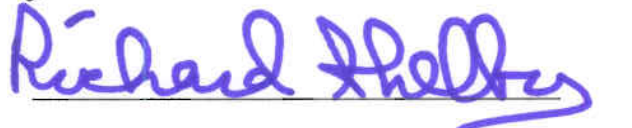

agreed on a formula for which each state would receive funds under the CIAP for bearing the energy production needs of our country. The carefully negotiated CIAP formula was a key to forging a balanced agreement between all four states.

The Gulf holds vast potential to provide the necessary energy security for our nation and our economy. Now more than ever, we need to increase production in the Gulf. We know the Gulf is home to some of the largest inventories of American oil and gas. Abundantly available, it fuels our cars, heats our homes, and helps drive our economy. Congress should do everything possible to encourage increased production of these resources in an environmentally responsible manner.

We hope you will give serious consideration to the concerns we have as oil and gas producing Gulf Coast States. Thank you again for your attention to these issues.

Sincerely,

Cc: The Honorable Haley Barbour
The Honorable Bobby Jindal
The Honorable Bob Riley
The Honorable Rick Perry